

2002

Credit for Prior Year Alternative Minimum Tax — Individuals or Fiduciaries

Attach to your California tax return.

3510

Name(s) as shown on return

Social security number or FEIN

Part I Net Alternative Minimum Tax (AMT) on Exclusions**Section A – Form 540, Long Form 540NR, and Form 541 Filers**

1 Combine the amounts from your 2001 Schedule P (540 or 540NR), Part I, line 15 through line 18, and enter the result here. Schedule P (541) filers: see instructions	1		
2 Enter any adjustments and tax preference items treated as exclusions. See instructions	2		
3 AMT credit net operating loss (NOL) deduction. See instructions	3	()
4 Combine line 1 through line 3. If zero or less, enter -0- here and on line 13; see instructions. If you were married filing separately for 2001 and this amount is more than \$248,583, see instructions	4		
5 Enter the amount from your 2001 Schedule P (540 or 540NR), line 22, Exemption Worksheet, line 1. Schedule P (541) filers: enter \$32,075	5		
6 Enter the amount from your 2001 Schedule P (540 or 540NR), line 22, Exemption Worksheet, line 3. Schedule P (541) filers: enter \$120,283	6		
7 Subtract line 6 from line 4. If zero or less, enter -0- here and on line 8 and go to line 9. Otherwise, go to line 8	7		
8 Multiply line 7 by 25% (.25)	8		
9 Subtract line 8 from line 5. If zero or less, enter -0- here. If completing for a child under age 14, see instructions	9		
10 Subtract line 9 from line 4. If zero or less, enter -0- here and on line 13. See instructions	10		
11 Tentative minimum tax on exclusions. Multiply line 10 by 7% (.07). 2001 Long Form 540NR filers: enter the result here and go to Section B	11		
12 Regular tax before credits. Enter the amount from your 2001 Schedule P (540), Part II, line 25; or Schedule P (541), Part III, line 9	12		
13 Net AMT on exclusions. Subtract line 12 from line 11. If zero or less, enter -0-. Enter the result here and go to Part II	13		

Section B – Long Form 540NR Filers

14 Enter the amount from line 4	14		
15 Enter the amount from your 2001 Schedule P (540NR), Part II, line 25b	15		
16 Total AMT exclusion adjusted gross income. Add line 14 and line 15	16		
17 Enter the amount of California adjusted gross income from your 2001 Schedule P (540NR), Part III, line 1	17		
18 Enter depletion from your 2001 Schedule P (540NR), Part III, line 5h	18		
19 AMT California exclusion adjusted gross income. Combine line 17 and line 18	19		
20 Ratio. Divide line 19 by line 16. Enter the decimal (carry to 4 places)	20		
21 Nonresident or part-year resident tentative minimum tax on exclusions. Multiply line 11 by line 20	21		
22 Enter the amount from your 2001 Schedule P (540NR), Part II, line 27	22		
23 Net AMT on exclusions. Subtract line 22 from line 21. If less than zero, enter -0-	23		

Part II Credit Computation

24 Enter the AMT from your 2001 Schedule P (540), Part II, line 26; Schedule P (540NR), Part II, line 28; or Schedule P (541), Part III, line 10. See instructions	24		
25 Net AMT on exclusions. Enter the amount from line 13. Long Form 540NR filers: enter the amount from Section B, line 23	25		
26 Adjusted net AMT. Subtract line 25 from line 24. If less than zero, enter as a negative amount	26		
27 Enter any carryover of unused AMT credit from 2001. See instructions	27		
28 Combine line 26 and line 27. See instructions	28		
29 Enter your 2002 regular tax from: Form 540, line 20; Long Form 540NR, line 24 or Form 541, line 21a	29		
30 Allowable credits. See instructions	30		
31 Subtract line 30 from line 29	31		
32 Enter your 2002 tentative minimum tax. See instructions	32		
33 Subtract line 32 from line 31. If zero or less, enter -0-	33		
34 Minimum tax credit. Enter the smaller of line 28 or line 33. Enter this amount here and in column (b) of Schedule P (540), Part III, line 11; Schedule P (540NR), Part III, line 11; or Schedule P (541), Part IV, line 10	34		
35 Subtract line 34 from line 28. This is the amount of your minimum tax credit carryover to 2003	35		

Instructions for Form FTB 3510

Credit for Prior Year Alternative Minimum Tax — Individuals or Fiduciaries

References in these instructions are to the Internal Revenue Code (IRC) as of **January 1, 2001**, and to the California Revenue and Taxation Code (R&TC).

General Information

A Purpose

Use this form to figure your 2002 California credit for prior year alternative minimum tax (AMT) incurred in a taxable year beginning after 1986.

B Who Must File

To claim the credit for prior year AMT, individuals and fiduciaries must complete form FTB 3510. Individuals and fiduciaries qualify for the credit if they:

- Had an AMT credit carryover from 2001; or
- Paid AMT for 2001, and had 2001 adjustments and tax preference items other than exclusions.

Corporations must use Schedule P (100), Part III or Schedule P (100W), Part III.

C Exclusions and Deferral Preferences

The 2001 AMT you paid is attributable to two types of adjustments and tax preferences, those called exclusions and those called deferral preferences. The amount of AMT attributable to the deferral preferences is available as a credit in 2002.

Exclusions are those adjustments and preference items that cause a permanent difference in the amount of tax you pay. The adjustments and preference items that are exclusions include:

- The standard deduction or itemized deductions;
- Charitable deduction for contributions of appreciated property;
- Depletion; and
- The exclusion for 50% of the gain on the sale of qualified small business stock described in R&TC Section 18152.5.

Deferral preferences are those adjustments and tax preference items that cause only a temporary difference in the amount of tax you pay. The adjustments and tax preference items that are deferral preferences are all the other items listed on your 2001 Schedule P that are not exclusions.

Use form FTB 3510, Part I, to figure the amount of 2001 AMT that was attributable to only the exclusions.

Use form FTB 3510, Part II, to figure the amount of 2001 AMT that was attributable to the deferral preferences and the amount available as a credit in 2002.

In 1993, California conformed to the federal repeal of the AMT depletion adjustment for independent oil and gas producers and royalty owners. As a result, depletion amounts deducted from income for purposes of computing the regular tax must be adjusted for AMT purposes using the methods prescribed by the federal rules. Your California depletion costs may continue to differ from the federal amounts because of prior differences in the law and differences in bases.

In 1994, California did not conform to the limit on the benefit of the exclusion preference for intangible drilling costs.

Specific Line Instructions

Complete Schedule P (540) through Part II, line 24; Schedule P (540NR) through Part II, line 43; or Schedule P (541) through Part III, line 8, before figuring this credit.

Line 1 — Estates and trusts: Skip line 1 through line 3. Complete a second 2001 Schedule P (541), Part I and Part II. Enter only exclusion items from Schedule P (541), line 4a through line 4d and any other exclusion items on Schedule P (541), line 4p and line 4q. On Schedule P (541), line 7a, use the alternative minimum tax credit net operating loss deduction (AMTCNOLD) without the 90% limitation (see instructions for line 3 below). If the amount on Schedule P (541), Part I, line 10 is zero or less, enter -0- on line 4 of form FTB 3510.

Otherwise, enter on line 4 of form FTB 3510, the amount from line 10 of Schedule P (541) adjusted for exclusion items that were allocated to the beneficiary.

Line 2 — Enter the adjustments and tax preference items treated as exclusions.

Schedule P (540) filers, combine your 2001 Schedule P (540), Part I, line 1 through line 7, line 13a, line 13c, and line 13l. **Do not** include any amount from line 12 of your Schedule P (540). Instead, include the exclusion items from line 9d; column (d) of your Schedule K-1 (541) you received for 2001.

Schedule P (540NR) filers, combine your 2001 Schedule P (540NR), Part I, line 1 through line 7, line 13a, line 13c, and line 13l. **Do not** include any amount from line 12 of your Schedule P (540NR). Instead, include the exclusion items from line 9d; column (d) of your Schedule K-1 (541) you received for 2001.

Note: If you included any exclusions on a line other than those listed above, add these exclusions to the total.

Line 3 — Your AMTCNOLD is the loss deduction for 2001 determined under R&TC Section 17276, 17276.2, or 17276.3, subject to the following rules:

- For loss years beginning after 1986, an NOL that has exclusion items is reduced by the amount of these exclusion items (see the instructions for line 2); and
- For loss years beginning before 1987, the amount of NOL that may be carried over to taxable years beginning after 1986 is equal to the amount that may be carried over from such loss years to the first taxable year beginning after 1986 for regular tax purposes.

To determine the amount of the AMTCNOLD that may be carried over to tax years other than 2001, apply R&TC Sections 17276, 17276.2, and 17276.3, with appropriate modifications to take into account exclusion items.

Line 4 — If line 4 is zero and you paid 2001 AMT, all of the 2001 AMT is attributable to the deferral preferences. Enter -0- on line 13, then complete Part I, Section B, if applicable and Part II to figure the credit available for 2002.

Married taxpayers filing separate California tax returns: Complete the following computation if line 4 is more than \$248,583:

1. Enter the amount from line 4 _____
2. Maximum exemption amount **\$248,583**
3. Subtract line 2 from line 1 _____
4. Multiply line 3 by 25% (.25) _____
5. Enter the smaller of line 4 or \$32,075 _____
6. Add line 1 and line 5. Enter the result here and replace the amount on line 4 with this amount _____

Line 9 — If you are completing this form for a child who was under age 14 on January 1, 2003, and at least one of the child's parents was alive on December 31, 2002, do not follow the instructions on this form for line 9. Instead, if line 8 is equal to or more than line 5, enter -0- on line 9. Otherwise, enter the smaller of: (1) the amount by which line 5 exceeds line 8; or (2) the amount from line 9 of the line 22 Exemption Worksheet of the child's 2001 Schedule P (540) or Schedule P (540NR).

Line 10 — If line 10 is -0- and you paid 2001 AMT, all of the 2001 AMT is attributable to the deferral preferences. Enter -0- on line 13, then complete Part I, Section B, if applicable and Part II to figure the available credit for 2002.

Line 24 — If you reduced your 2001 AMT by any solar energy credit carryover or commercial solar energy credit carryover from your 2001:

- Schedule P (540), Part III, Section C, line 26 and line 27, column (b);
- Schedule P (540NR), Part IV, Section C, line 26 and line 27, column (b); or
- Schedule P (541), Part IV, Section C, line 18 and line 19, column (b);

reduce the amount on this line by the same amount and enter the amount of the reduction in the space to the left of line 24.

Line 27 — Enter the amount of any unused AMT credit carryover from your 2001:

- Schedule P (540), Part III Section A2, line 16, column (d);
- Schedule P (540NR), Part IV, Section A2, line 16, column (d); or
- Schedule P (541), Part IV, Section A2, line 10, column (d).

Line 28 — If line 28 is zero or less, you do not have a minimum tax credit or a minimum tax credit to carry over. Do not complete the rest of this form. If line 28 is more than zero, enter here and in column (a) of your 2002:

- Schedule P (540), Part III, line 11;
- Schedule P (540NR), Part III, line 11; or
- Schedule P (541), Part IV, line 10.

Line 30 — Exemption credits and credits that cannot reduce regular tax below the tentative minimum tax. See Schedule P (540, 540NR, or 541) for more information.

Residents enter on line 30:

- The exemption credits from Form 540, line 21 (or Form 541, line 22); and
- The amount of credits that are listed on your 2002 Schedule P (540 or 541), Section A1 and Section A2, column (b).

Nonresident or Part-Year Residents enter on line 30:

- The exemption credits from Long Form 540NR, line 25b; and
- The amount of credits that are listed on your 2002 Schedule P (540NR), Section A1 and Section A2, column (b).

Line 32 — Enter the tentative minimum tax from your 2002:

- Schedule P (540), Part II, line 24;
- Schedule P (540NR), Part II, line 43; or
- Schedule P (541), Part III, line 8.